

A smiling couple, a man and a woman, are sitting on a light-colored leather sofa. The woman is on the left, leaning her head against the man on the right. They are both smiling warmly at the camera. The background is softly blurred, showing a home interior with curtains.

**AIB Retirement**

# AIB Invest PRSA

Saving for your retirement

**This product is provided by Irish Life Assurance plc.**

Drop into any branch • 1890 724 724 • [aib.ie](http://aib.ie)



AIB has chosen Irish Life, Ireland's leading life and pensions provider, to provide its customers with this PRSA product. Irish Life is part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations. As well as offering advice when you take out a plan, AIB will also help you with any questions about your plans and offer you a financial review every year in return for the fee AIB receive from Irish Life.

Allied Irish Banks, p.l.c. is a tied agent of Irish Life Assurance plc. for life and pensions business. This means that although AIB are distributing this product, the product information in this booklet has been written by Irish Life as product provider. If you choose this product, it will be provided by Irish Life. So, any reference to 'we' or 'us' refers to Irish Life. If you have any questions, your AIB Financial Adviser will be happy to help.



## AIB Invest PRSA



Aim

To build up a fund to help provide for your retirement.



Risk

Low to very high depending on the option or mix of options chosen.



Funds Available

27.



Time Period

Normally between ages 60 and 75.



Jargon-free

Yes.

All information including the Terms and Conditions of your plan will be provided in English.

The information and figures quoted in this booklet were correct as at August 2015 but may change.

**Warning:** If you invest in this product you will not have any access to your money until age 60 and/or you retire.



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# Introduction

This booklet will give you details of the benefits available on the AIB Invest PRSA plan. It is designed as a guide that allows us to explain the product to you in short and simple terms. There will be more specific details and rules in your Terms and Conditions booklet which you should read carefully.

## Our service to you

### Putting you first

We are committed to providing excellent customer service to you at all times from the moment you apply right throughout the life of your plan. When you ring us, you will get straight through to our AIB service team, based in Ireland, who will be on hand to listen to your queries and help you when you are looking for answers. Here is just a sample of the services we offer.

### You can change your mind

We want to make sure that you are happy with your decision to take out this plan. If after taking out this plan you feel it is not suitable, you can cancel it within 30 days from the day you receive your welcome pack. We will refund any regular contributions you have made. We will return any single contributions or transfers, less any fall in investment values during the period and in line with Revenue rules.

### Keeping it simple – clear communication

Because financial products can be complicated and difficult to understand, we are committed to using clear and straightforward language on all our communications to you. As a result, we work with the Plain English Campaign to make sure all our customer communications meet the highest standards of clarity, openness and honesty.

### Keeping you up to date

We are committed to keeping you informed about your plan. Because of this, every year we will send you a statement to keep you up to date on your plan details.

## Online services

There are a range of online services available for you. You can check the details of your plan online by visiting [www.myonlineservices.ie](http://www.myonlineservices.ie), which is provided by Irish Life Assurance plc. You will need a Personal Identification Number (PIN), which you would have received when you started your plan. If you have lost your PIN or need a new one, contact the AIB service team in Irish Life on 1890 719 390.

“My Online Services” help you keep up to date, at any time, with how your plan is performing. You can:

- View the current value of your plan;
- Change your choice of fund;
- View your annual benefit statements; and
- View weekly investment market updates, fund information and fund prices.

You can also phone an automated Customer Information Line on 01 704 1111, to obtain a current value, access a weekly market update and to change your PIN.

In the interest of customer service, Irish Life will record and monitor calls.

## How to contact us

If you want to talk to us, just phone our AIB service team on 1890 719 390. They can answer questions about your plan.

Our lines are open:

8am to 8pm Monday to Thursday

10am to 6pm Friday

9am to 1pm Saturday.

In the interest of customer service, we will record and monitor calls.

You can also contact us in the following ways:

**Email:** [aibserviceteam@irishlife.ie](mailto:aibserviceteam@irishlife.ie)

**Fax:** 01 704 1900

**Write to:** AIB service team, Irish Life Assurance plc,  
Irish Life Centre, Lower Abbey Street, Dublin 1.

Plus, you can contact your AIB Financial Adviser in your local branch.

## Any problems?

If you experience any problems, please call your AIB Financial Adviser or contact our AIB service team. We monitor our complaint process to make sure it is of the highest standard. We hope you never have to complain. However, if for any reason you do, we want to hear from you.

If, having contacted our AIB service team, you feel we have not dealt fairly with your query, you can contact The Office of the Pensions Ombudsman. For further information please see page 48.

# What is a PRSA?

PRSA stands for ‘Personal Retirement Savings Account’. It is a contract between you and a PRSA provider, in this case Irish Life. PRSAs make it easier to save for retirement because they offer value for money, flexibility and convenience. Whether you are an employee, self-employed or between jobs, a PRSA helps you save for retirement. And if your employment status changes or you move to a new employer, you may be able to bring your PRSA with you. You can also use your PRSA to add to the pension benefits already available from your job.

# How PRSAs work

## Contributions

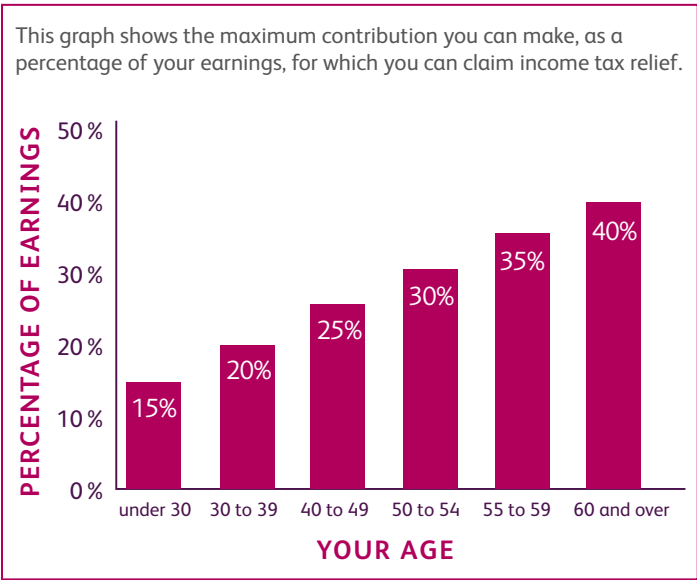
You invest regular contributions or one-off contributions, or both. Most people choose regular contributions because it is easier and smoothes out the cost. If you are an employee and are not in a pension plan at work, your employer could also contribute to your plan.

## Income tax relief

To encourage people to save for retirement the Government provides significant tax relief on PRSA pension plans. You can claim income tax relief on your contributions and tax free investment returns. You may also be able to take a retirement lump sum on retirement, some or all of this may be tax free. Pension income in retirement is subject to income tax, the Universal Social Charge (USC), Pay Related Social Insurance (PRSI) (if applicable) and any

other taxes or government levies on withdrawal, please see page 43 for more details about income tax relief.

You are not guaranteed income tax relief, but you will generally get income tax relief on contributions up to the percentage of net relevant earnings defined on page 5 and set out on the table below.



If you are an employee, these limits include any contribution your employer may make. Any employer contributions over these limits will be treated as a benefit-in-kind (a perk that does not take the form of salary) for the employee.

Please talk to your AIB Financial Adviser for more information on the possible benefits-in-kind implications on your employer contributions.

If you contribute more than these amounts, or if you contribute during a period when you are unemployed, you can carry forward income tax relief for future years.

#### Earnings are defined as follows:

- If you are an employee, your earnings are your salary plus any overtime, bonuses and benefits-in-kind.
- If you are self-employed, your earnings are your 'net relevant earnings'. (That is, your income during a tax year, less any allowances, losses and certain charges and deductions (such as mortgage interest) you can claim income tax relief on).

Income tax relief is not available on net relevant earnings which are more than €115,000 and include contributions to other approved pension arrangements, such as retirement annuity contracts, other PRSAs and employee contributions to company pension schemes (including Additional Voluntary Contributions). To be eligible to claim relief, your income must be taxable under Schedule E or Schedule D (case I or II).

#### Growth

We invest your contributions (less any contribution charge) in a fund where any growth achieved will not be taxed. Sometimes the fund you have chosen may have to pay tax on some of the assets held outside of Ireland depending on the tax rules of the country.

#### Retirement fund

By the time you retire you will hopefully have built up a big enough fund for your retirement. Normally, you can take your benefits between the ages of 60 and 75, but there are certain exceptions (see page 45 for more details). At that stage, you'll have a number of choices in terms of what you want to do with your money.

First of all, you can take a part of your pension fund as a retirement lump sum. You may be able to take some or all of this retirement lump sum tax free. The amount of this will depend on Revenue limits and your job status (for example self-employed or an employee) at the date you take your benefit.

Depending on your circumstances the balance of the fund can be used for one or more of the following:

- buy a pension for life
- leave the rest of your retirement fund in your PRSA plan and continue as an investment until a later date; or
- take as a taxable cash sum.

Income tax, the USC, PRSI (if applicable) and any other taxes or government levies due at the time will be taken from each of these options. We explain your retirement options more fully on pages 35 to 39.

**Warning: If you invest in this product you may lose some or all of the money you invest.**

**Warning: The value of your investment may go down as well as up.**





# AIB Invest PRSA

AIB Invest PRSA helps you build up a fund for your retirement. Everybody knows that it makes sense to plan for retirement. Yet many people put off starting a pension because they think pensions are confusing or hard work.

AIB Invest PRSA can offer you the perfect solution – an easy-to-understand pension plan which puts you in control while offering you a great choice of funds.

## Suitability snapshot

Below we have set out some important points for you to consider to help you decide if this plan is suitable for you.

If you are in any doubt, you should contact your AIB Financial Adviser.

### AIB Invest PRSA might suit you if you:

- ✓ are looking for a long-term investment plan to provide for your retirement;
- ✓ have at least €300 a year to invest;
- ✓ don't need access to your investment until you retire (age 60);
- ✓ are happy with the charges set out in this booklet;
- ✓ are happy with the choice of funds available and understand that the value of your investment could fall as well as rise;
- ✓ would like to take advantage of the income tax relief available on the pension contributions; and understand that when you retire, your pension benefits (after the retirement lump sum) are taxed as income. Please see page 36 for more details.

### AIB Invest PRSA might not suit you if you:

- ✗ do not need a plan to provide for your retirement;
- ✗ have less than €300 a year to invest;
- ✗ need to get access to your investment before you retire (age 60);
- ✗ want a plan which offers more funds but may have higher charges as a result;
- ✗ are not happy with the choice of funds available; or
- ✗ are not currently paying income tax, and cannot take advantage of the income tax relief available on pension contributions.

# What are the charges?

AIB Invest PRSA offers you value for money, giving you a straightforward pension solution with competitive charges.

## Contribution charges

Table 1 – contribution charge on regular contributions

Regular contribution each year	Contribution charge	Percentage of contribution invested	Reduced contribution charge after 5 years*	Percentage of contribution invested after 5 years
Less than €9,000	5 %	95 %	4.5 %	95.5 %
€9,000 to €11,999.99	4.25 %	95.75 %	3.75 %	96.25 %
€12,000 or more	3.5 %	96.5 %	3 %	97 %

\*Reduced contribution charge after five years

As shown in table 1 above, after your PRSA has been in place for five years, we will reduce the contribution charge by 0.5 %.

Table 2 – contribution charge on one-off contributions

One-off contribution	Contribution charge	Percentage of contribution invested
Less than €12,500	5 %	95 %
Between €12,500 and €24,999.99	4.25 %	95.75 %
More than €25,000	3.5 %	96.5 %

## Contribution charge on transfer contributions

There is no contribution charge on funds transferred into your PRSA from approved pension schemes, so 100 % of the contribution will be invested.

## If your regular contributions change in the future.

If you change your regular contributions in the future, this may change the contribution charge you pay.

## Increased regular contribution

If you increase your regular contribution, and this results in your regular contribution going into a higher band (as shown in table 1), the contribution charge for the higher band will apply to all of your increased contribution.

For example, if your regular contribution is €8,000 a year, the contribution charge is 5 %. If you increased your regular contribution to €10,000, it would go up into the higher band and the contribution charge would be 4.25 % on €10,000.

### Reduced regular contribution

If you reduce your regular contribution, and this results in your regular contribution going into a lower band (as shown in table 1 on page 9), the contribution charge for the lower band will apply to all of your reduced contribution.

For example, if your regular contribution is €10,000 a year, the contribution charge is 4.25 %. If you reduce your contribution to €8,000, it would go down into the lower band and the contribution charge would be 5 % on €8,000.

### Contribution limits for regular payments

As we have explained, there is no maximum limit on the total amount that can be paid into this plan. However, the highest regular contribution you can pay is:

- €5,000 a month;
- €7,500 every three months;
- €15,000 every six months; and
- €30,000 a year.

You can pay any contribution over these amounts as a one-off contribution. The charges for one-off contributions are shown in table 2 on page 9.

### Yearly fund charge

Over the term of your plan, we take a monthly charge from the value of your retirement fund. This charge is equal to 1 % a year. Please see your Preliminary Disclosure Certificate which shows you how the yearly fund charge affects a typical PRSA.

### Government Levies

We will take any government levies due and pass them direct to the Revenue Commissioners. These levies will be taken from your fund.

### What funds are available?

Recommended Portfolio Funds

- Pension Portfolio Fund 2
- Pension Portfolio Fund 3
- Pension Portfolio Fund 4
- Pension Portfolio Fund 5
- Pension Portfolio Fund 6

Through an AIB Financial Adviser, Pension Portfolio Funds are only available on an AIB Invest PRSA.

We recommend you use the Pension Portfolio Funds with our Lifestyle Options. See pages 11 to 13.

Funds only available with Lifestyle Options and Default Investment Strategy

- Stability Fund
- Annuity Fund
- ARF Fund

### Other Funds

- Global Cash Fund
- Pension Protection Fund
- Indexed Euro Corporate Bond Fund
- Consensus Cautious Fund
- Consensus Fund
- Consensus Equity Fund
- Indexed Irish Equity Fund
- Indexed European Equity Fund
- Indexed Japanese Equity Fund
- Indexed North American Equity Fund
- Indexed Pacific Equity Fund
- Indexed UK Equity Fund
- Indexed European Property Shares Fund
- Managed Portfolio Fund 1 (Foundation)
- Managed Portfolio Fund 2 (Base)
- Managed Portfolio Fund 3 (Core)
- Managed Portfolio Fund 4 (Intermediate)
- Managed Portfolio Fund 5 (Dynamic)
- Managed Portfolio Fund 6 (Aggressive)

These are explained in detail in the Fund Guide section on page 16.

## What investment strategies are available?

We have four investment strategies for you to choose from – the Annuity Lifestyle Option, the ARF Lifestyle Option, the Default Investment Strategy (Annuity) and the Default Investment Strategy (ARF). **If you don't choose an investment strategy when you take out your PRSA, we will automatically put you into the Default Investment Strategy (Annuity).** We also have a number of funds for you to choose from if you don't want to invest in any investment strategy.

### 1. Lifestyle option strategies

Our lifestyle option strategies involve gradually moving your investment into a mix of low and medium-risk funds as you move closer to retirement. Before choosing either strategy you should be aware that the funds in which they invest in can fall and rise in value and have different levels of risk. This is explained in the description of each fund. It is generally recommended that the Pension Portfolio Funds form part of the lifestyle option, but you can choose your own funds if you prefer. The percentage invested in each fund at any one time depends on how long you have left to your retirement date.

### The Annuity Lifestyle Option

If you are more than 25 years from your chosen retirement date, we fully invest your contributions in the Pension Portfolio Funds or the funds of your choice.

Between 25 years to six years before you retire, we will switch 2 % of your fund into the Stability Fund every year.

When you are six years before retirement, 60 % of your fund is invested in your fund choice and 40 % in the Stability Fund. At that date, we gradually switch the total fund and future contributions into the Global Cash Fund and the Annuity Fund until one year before your retirement.

For the last year your fund is entirely in the Global Cash Fund (25 %) and Annuity Fund (75 %).

This strategy will suit you if you aim to buy a guaranteed pension for life (an annuity) with your retirement fund.

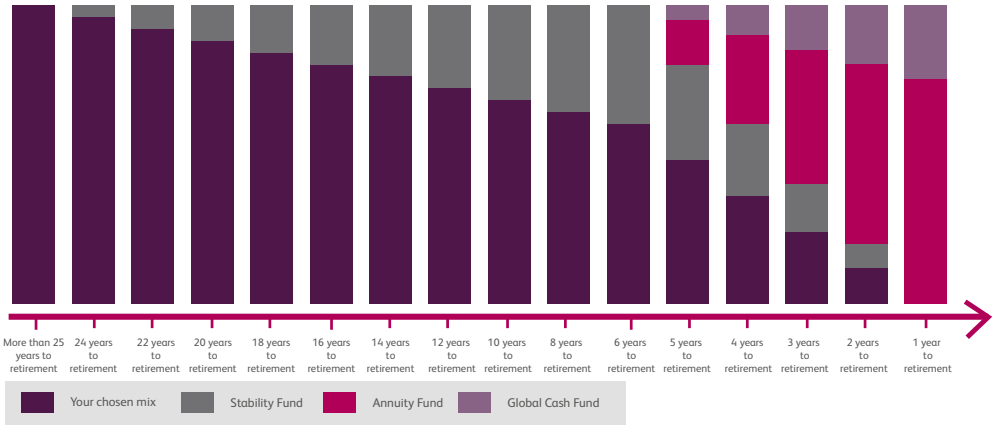
The table below shows how your investment is automatically switched between funds in the Annuity Lifestyle Option. If, for example, you take out an AIB Invest PRSA and you have 18 years to

retirement, we will at first invest 84 % of your contributions in your own choice of funds and 16 % in the Stability Fund. The contributions will gradually switch over the rest of the term as shown on the table below.

**The ARF Lifestyle Option**

If you want to invest your retirement fund in an Approved Retirement Fund (ARF) when you retire, you can choose our ARF Lifestyle Option. This is identical to our Annuity Lifestyle Option except that instead of switching into the Annuity Fund, you will switch into the ARF Fund. As with the Annuity Lifestyle Option, you can invest in the Pension Portfolio Funds or choose your own funds.

The Annuity Lifestyle Option



We do not recommend the lifestyle option strategies if you want to invest in low-risk funds. This is because with those strategies your investment is gradually moved into a mix of low-risk and medium-risk funds.

The current risk and volatility levels associated with your chosen funds and the other funds in the lifestyle options are outlined further on in this booklet. You should ensure that you are happy with the risk and volatility levels of the funds you will be invested in throughout the lifetime of your plan. All funds can rise and fall in value.

You can switch out of a lifestyle option strategy at any time.

The percentage invested in each fund at any one time depends on the term you have to go to your retirement date. If your retirement fund is automatically moved into less risky funds, such as cash, and stock markets rise in the years leading up to your retirement, this could lead to your retirement fund being less than it could have been.

## **2. Default Investment Strategies**

The default investment strategies include funds chosen by us. You cannot choose your own funds. We will gradually switch your investment to certain low and medium-risk funds as you get closer to retirement. These strategies are designed to meet the needs of typical investors who are planning to buy an annuity or invest in an ARF when they retire. They invest through unit-linked funds. The assets which are invested in these funds will spread risk, can be cashed in quickly, and are valued often.

### **Default Investment Strategy (Annuity)**

If you are more than 25 years from your chosen retirement date, your contributions are fully invested in the Managed Portfolio Fund 4 (Intermediate). Between 25 years and six years before you retire, each year we will switch 2 % of your retirement fund and future contributions into the Stability Fund. When you are six years from retiring 60 % of your retirement fund will be invested in the Managed Portfolio Fund 4 (Intermediate) and 40 % in the Stability Fund.

At that date, we gradually switch your retirement fund and future contributions into the Global Cash Fund and the Annuity Fund until one year before you retire.

For the last year, 25 % of your retirement fund is invested in the Global Cash Fund, and the other 75 % is invested in the Annuity Fund.

### **Default Investment Strategy (ARF)**

The Default Investment Strategy (ARF) is suitable if you plan to invest your retirement fund in an Approved Retirement Fund when you retire.

Our Default Investment Strategy (ARF) is identical to our Default Investment Strategy (Annuity), except your investment is switched into our ARF Fund rather than our Annuity Fund.

If you choose a default investment strategy, you should know that the funds we have chosen could fall in value, some more than others, during the term of your plan. The default investment strategies try to make sure that the value of your pension fund does not change dramatically as you get nearer your chosen retirement date.

If your retirement fund is automatically moved into less risky funds,

such as cash, and stock markets rise in the years leading up to your retirement, this could lead to your retirement fund being worth less than it could have been.

You can switch out of a default investment strategy at any time. However, once you have switched out of a default investment strategy, you cannot switch back in. There is no charge for any of the fund switches made within the Default Investment Strategy or Lifestyle Options.



Please note that the lifestyle switching process is automated and will start once you have selected lifestyle and are less than 25 years to retirement. This could take up to 5 working days to start from the start date of your plan.

## Other investment options

If you do not choose to invest in any of these strategies, you can choose any one, or a combination, of the other funds available (up to 10 funds) that we describe in the Fund Guide section.

If you choose your own funds, we will not automatically switch your funds into more secure funds as you get nearer retirement. However, at any stage over the term of your contract, you can ask to switch funds into more secure funds, or in to one of our strategies described above. There is no charge for any of these switches.

**Warning: The value of your investment may go down as well as up.**

**Warning: This product may be affected by changes in currency exchange rates.**

**Warning: If you invest in this product you may lose some or all of the money you invest.**





# Fund Guide

Through AIB Invest PRSA we offer a choice of funds to meet your needs. All the funds are managed by Irish Life Investment Managers (ILIM). They currently take care of over €40 billion of assets for thousands of people across Ireland, include private investors and leading Irish and international companies. Their ability to consistently deliver excellent performance has seen them at the top of investment tables and win many awards. The wide range of funds gives you access to different options including low-risk funds, share funds, property share funds and portfolio funds, which include a mixture of different types of investments.

**The fund that is right for you depends on the amount of risk you are willing to take.**

- Lower-risk funds aim to protect your investment from large falls in value, but the potential for large gains is lower than if you choose a higher-risk fund.
- Higher-risk funds, such as those investing in company shares, do not aim to protect your investment from large falls in value, but you do have the potential to gain much more, especially over the long term. If you invest in these types of fund, you should realise that, in wanting a higher return, you need to accept that the value of these funds can move up and down, sometimes by large amounts and you could lose some or all of the value of your investment.
- How long you want to invest for. If you are investing in a pension plan it is important to consider how long you have left until you retire. If you are many years away from retirement you may be able to accept more risk than somebody who is quite close to retirement.

## Volatility scale and risk levels

To help you choose between funds we rate the possible level of ‘volatility’ of each fund on a scale of 1 to 7 (Volatility refers to the potential ups and downs that a fund may experience over time). A fund with a risk level of 1 is very low risk and a risk level of 7 is very high risk. You should remember that risk and potential return are closely linked. In other words, investments which are higher risk tend to have higher returns over the long term, but can also experience higher falls.

Our volatility scale assumes that all investments are held on a long-term basis. If an investment is held for a short term, it will usually have a greater level of risk than the volatility scale shows.

You can usually reduce the level of risk attached to an investment by diversifying (splitting the investment ‘eggs’ between different ‘baskets’) and leaving the investment where it is for a longer period of time. (In other words, the longer you hold volatile investments for, the less volatile the returns become).

Our volatility rating of a fund can change. Therefore the volatility ratings in this booklet may not be the most up-to-date ratings. Please visit our website [www.irishlife.ie](http://www.irishlife.ie) to see the most up-to-date volatility ratings. As the volatility of a fund can change, you should monitor your investment on an ongoing basis to ensure that you remain comfortable that the fund volatility is right for you depending on the amount of risk you are willing to take. If you are in any doubt, you should contact your AIB Financial Adviser.

Think about how you feel about the risks associated with investing. Everyone’s situation is different and everyone handles risk differently. Together with your AIB Financial Adviser you can decide which level of risk you are open to.

Below we have set out the full range of investment funds available. We divided these into high-risk funds with the potential for higher returns, medium-risk funds with the possibility of medium return, and low-risk funds with lower potential for returns.

### Low risk funds

#### Volatility 1

Global Cash Fund

#### Volatility 2

ARF Fund

Stability Fund

Pension Portfolio Fund 2

### Medium risk funds

#### Volatility 3

Consensus Cautious Fund

Indexed Euro Corporate Bond Fund

Managed Portfolio Fund 1 (Foundation)

Pension Portfolio Fund 3

#### Volatility 4

Annuity Fund

Managed Portfolio Fund 2 (Base)

Managed Portfolio Fund 3 (Core)

Pension Protection Fund

Pension Portfolio Fund 4

## High risk funds

### Volatility 5

Consensus Fund  
Managed Portfolio Fund 4 (Intermediate)  
Managed Portfolio Fund 5 (Dynamic)  
Pension Portfolio Fund 5

### Volatility 6

Consensus Equity Fund  
Indexed European Equity Fund  
Indexed European Property Shares Fund  
Indexed Japanese Equity Fund  
Indexed North American Equity Fund  
Managed Portfolio Fund 6 (Aggressive)  
Pension Portfolio Fund 6  
Indexed UK Equity Fund

### Volatility 7

Indexed Irish Equity Fund  
Indexed Pacific Equity Fund

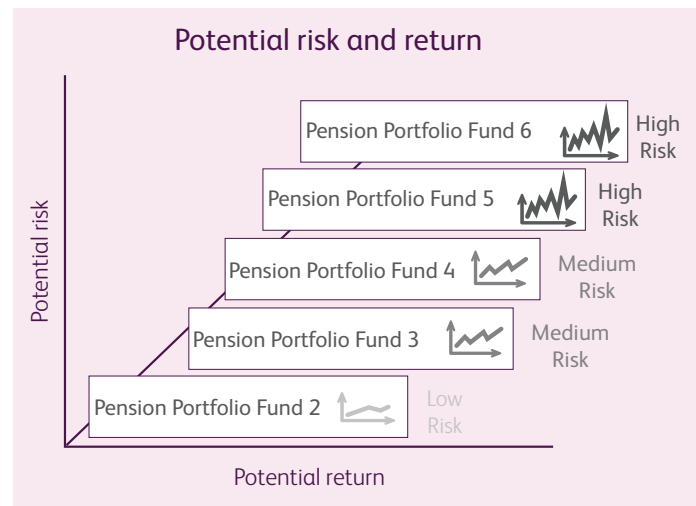
You can choose any combination of up to 10 funds. The section below gives a description of each of the funds available to you.

## Pension Portfolio Funds

Historically, the best returns over longer periods come from investing in a wide-range of shares and other 'growth' assets. However, alongside possibly higher returns these types of assets usually bring higher risk and so your investment may rise and fall in value over short periods.

What is needed is an investment in growth assets, but also in other assets deliberately chosen to try to reduce these swings in value.

Also, at times of severe market movements, like we saw in 2008, for example, the best course of action might be to temporarily move out of growth assets and into lower risk assets like cash.



Pension Portfolio Funds using the Dynamic Share to Cash™ Model

CUSTOMER RISK RATING	2 CAREFUL	3 CONSERVATIVE	4 BALANCED	5 EXPERIENCED	6 ADVENTUROUS	7 VERY ADVENTUROUS
FUND NAME	PENSION PORTFOLIO 2	PENSION PORTFOLIO 3	PENSION PORTFOLIO 4	PENSION PORTFOLIO 5	PENSION PORTFOLIO 6	

ILIM have developed five different versions of the Pension Portfolio Funds to suit different attitudes to risk. These range from lower risk, where there is a large portion of the fund in cash and bonds, to higher risk where most of the fund is invested in shares. So if you are a low risk or high risk investor, there is a fund that may suit you.

The Pension Portfolio Funds are designed to provide peace of mind for you as an investor. Based on your attitude to risk, you will have a risk rating between 1 (Safety First) and 7 (Very Adventurous). Each of our Pension Portfolio Funds is designed for a specific risk rating, as the graphic shows above, the target market for Pension Portfolio Fund 3 is someone with risk rating 3 (Conservative).

ILIM will manage these funds to this risk rating throughout. This means that Pension Portfolio Fund 3 will be managed to a risk rating of 3 and you don't have to worry about switching your fund, if your attitude to risk doesn't change.

**Warning:** The value of your investment may go down as well as up.

**Warning:** These funds may be affected by changes in currency exchange rates.

**Warning:** If you invest in this product you may lose some or all of the money you invest.

RANGE OF ASSETS

Range of Funds from Low to High Risk

Pension Portfolio Funds invest in a wide range of assets. Investing in a range of assets increases the diversification of each Pension Portfolio Fund. We recommend that you diversify your investment by not putting all your 'eggs in one basket' and these funds allow you to do just that. Greater diversification also aims to reduce the volatility of the fund, which is a measure of the extent the fund value moves up and down in value.

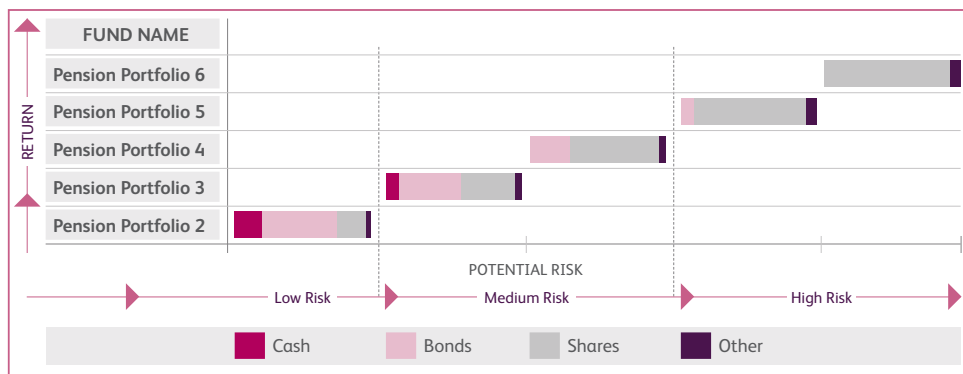
The assets that are available in these funds are outlined and explained below. The split across each of the asset classes determines the risk rating of your fund.

ILIM will continually monitor and review these assets and may change them over time. For the actual Pension Portfolio Fund mix, see the latest factsheets at [www.irishlife.ie](http://www.irishlife.ie)

Cash & Bonds	Shares	Other Assets
<ul style="list-style-type: none"><li>• Cash</li><li>• Government Bonds</li><li>• Corporate Bonds</li></ul>	<ul style="list-style-type: none"><li>• Developed Market Shares</li><li>• Emerging Market Shares</li><li>• Other shares – over time other share categories, for example Low Volatility shares, may be added, to further increase diversification.</li></ul>	As markets change and new opportunities arise ILIM may invest in other asset classes, for example property.

## The Pension Portfolio Fund Splits

As mentioned there are five Pension Portfolio Funds available to suit different attitudes to risk. The graph below which is a guide only, shows the broad asset mix of each of the five funds. As you can see the lower risk fund Pension Portfolio Fund 2 has a very high percentage in bonds and cash which are traditionally less volatile assets. The higher risk fund Pension Portfolio Fund 6 is predominantly invested in shares, which are traditionally more volatile than bonds or cash but have historically given better long-term returns.



For the actual Pension Portfolio Fund mix, see the latest factsheets at [www.irishlife.ie](http://www.irishlife.ie)

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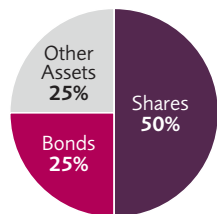
## Expertly Managed by Irish Life Investment Managers

ILIM are world class investment managers. ILIM have designed the Pension Portfolio Funds and the Dynamic Share to Cash (DSC) model, so you are getting the benefit of their expertise.

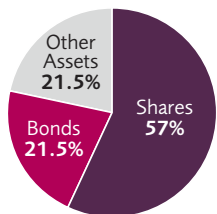
ILIM will monitor and review the asset splits and the DSC on a regular basis to ensure that each Pension Portfolio Fund is managed to its original risk rating.

ILIM will also rebalance each of the Pension Portfolio Funds every quarter.

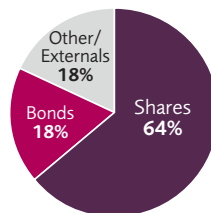
## What Does Rebalancing Mean



We start with this pie-chart, which shows a fund with 50 % in shares, 25 % in bonds and 25 % in other assets.



If, over the course of a year, shares grew in value by 20 %, while bonds and other assets both fell in value by 10 %, then, without rebalancing, the second pie-chart shows the new split of the fund. Here 57 % of the fund is now invested in shares.



If the same thing happened for a second year, we would end up as shown in the third pie-chart, with nearly two-thirds of the fund invested in shares, compared to the 50 % we started with. This could mean that the fund is no longer suitable for the investor who chose to invest in the original mix. If the original mix of 50 % shares, 25 % bonds and 25 % other assets is most suitable for an investor, they will not want to see their fund drift away from this mix over time.

This change in asset split can be avoided by regularly rebalancing the fund to ensure that it stays in line with its intended split. ILIM rebalances each of the Pension Portfolio Funds on a quarterly basis and this means that each fund will not drift over time and will remain suitable for each investor as shown on page 19. This means that you don't have to worry about a fund becoming a higher risk rating than the one you originally invested in.

**Warning: The value of your investment may go down as well as up.**

**Warning: These funds may be affected by changes in currency exchange rates.**

**Warning: If you invest in this product you may lose some or all of the money you invest.**

**Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.**



## Dynamic Share to Cash (DSC) Model



The DSC model is used on all five Pension Portfolio Funds. This innovative model uses a multi-factor approach to identifying long-term stock market trends and movements.

The advantage of having the DSC is that it aims to reduce the amount invested in Developed Market Shares and increase the amount in cash when it identifies greater potential for stock market falls. As importantly, when the DSC identifies greater potential for stock market recovery, it will move back out of cash and into Developed Market Shares.

This innovative solution is a market first in Ireland and ILIM have spent two years developing and testing this model.

It is important to note that the DSC looks at longterm movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks. Also, currently DSC applies to Developed Market Shares, though ILIM will continually review this and, in the future, a similar process may apply to other assets.

## How the DSC works

The DSC is driven by a number of key factors.

Among these are:

- How stock markets move over long periods of time,
- How company earnings are changing; and
- How more general market factors like oil prices and bond yields are changing.

Based on how these factors are moving over time, the DSC will determine what portion of each fund to hold as shares and what to hold as cash. So in the graph on page 20, some of the proportion in shares could be replaced by cash depending on the DSC.

Since all of the factors on which the DSC is based are available going back over a number of years, it is possible to show how the DSC would have worked in the past.

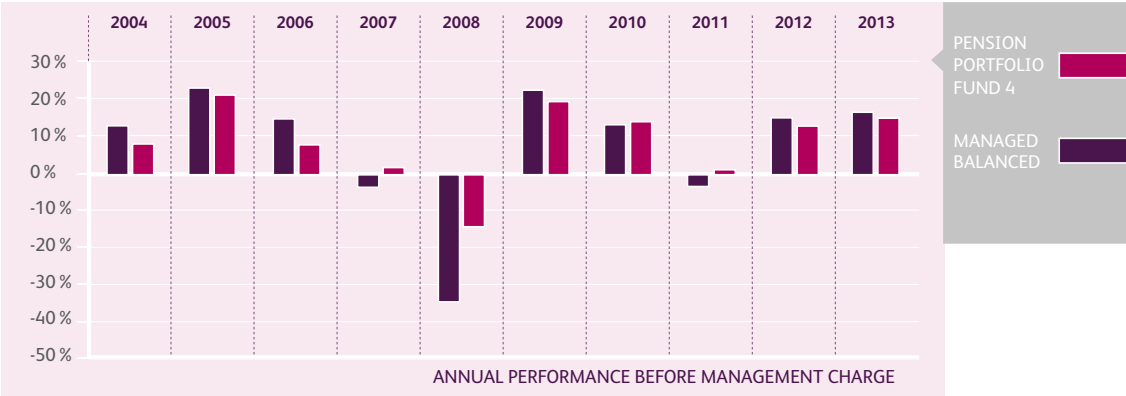
**Warning: The value of your investment may go down as well as up.**

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**Warning: If you invest in this product you may lose some or all of the money you invest.**



The graph below shows how Pension Portfolio Fund 4 compares to the average Managed Balanced Fund since 2003. Pension Portfolio Fund 4 uses the DSC as outlined previously, whereas the Managed Balanced Fund doesn't use this model.



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**Warning:** The value of your investment may go down as well as up.

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**Warning:** Past performance is not a reliable guide to future performance.

**Warning:** These funds may be affected by changes in currency exchange rates.

## STOCK MARKET FALLS

### The 2008 Credit Crunch:

As the graph above shows, during 2008, the Managed Balanced Fund fell nearly 35 %. Because the DSC available on Pension Portfolio Fund 4 would have reduced the amount of the fund invested in shares and increased the amount in cash, it would have fallen by nearly 14 % in the same year. So although Pension Portfolio Fund 4 would still have fallen in value, it was not the severe drop seen on the Managed Balanced Fund.

## STOCK MARKET RISES

### 2012 and 2013 Strong Market:

During 2012 and 2013, the Managed Balanced Fund grew by slightly more than Pension Portfolio Fund 4. This is due to the higher proportion of shares in the Managed Balanced Fund but this higher proportion would usually mean greater volatility and a greater chance of large falls as seen in 2008.

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Warning: The value of your investment may go down as well as up.

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Warning: Past performance is not a reliable guide to future performance.

Warning: These funds may be affected by changes in currency exchange rates.

## Low risk funds

### Pension Portfolio Fund 2 (Volatility 2)

This fund can invest in a range of assets such as bonds, shares, property and cash. This is a low risk fund for careful investors, which aims to have a small allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a low level of exposure to such asset classes.

For the current asset mix of the fund please see [www.irishlife.ie/aib/fund-prices-performance.html](http://www.irishlife.ie/aib/fund-prices-performance.html)

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model determines the level of investment in cash and shares. The DSC model looks at long term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets.

It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks.

## Medium risk funds

### Pension Portfolio Fund 3 (Volatility 3)

This fund can invest in a range of assets such as bonds, shares, property and cash. This is a low to medium risk fund for conservative investors, which aims to have a significant proportion invested in cash and bonds and a lower allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a medium level of exposure to such asset classes.

For the current asset mix of the fund please see [www.irishlife.ie/aib/fund-prices-performance.html](http://www.irishlife.ie/aib/fund-prices-performance.html).

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model will be used to determine the level of investment in cash and shares. The DSC model looks at long term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets.

It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks.

### Pension Portfolio Fund 4 (Volatility 4)

This fund can invest in a range of assets such as bonds, shares, property and cash. This is a medium risk fund for balanced investors,

which aims to have a moderate allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a medium level of exposure to such asset classes.

For the current asset mix of the fund please see [www.irishlife.ie/aib/fund-prices-performance.html](http://www.irishlife.ie/aib/fund-prices-performance.html).

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model will be used to determine the level of investment in cash and shares. The DSC model looks at long term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets.

It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks

## High risk funds

### Pension Portfolio Fund 5 (Volatility 5)

This fund can invest in a range of assets such as bonds, shares, property and cash. This is a medium to high risk fund for experienced investors, which aims to have a relatively high allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a high level of exposure to such asset classes.

For the current asset mix of the fund please see [www.irishlife.ie/aib/fund-prices-performance.html](http://www.irishlife.ie/aib/fund-prices-performance.html).

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model will be used to determine the level of investment in cash and shares. The DSC model looks at long term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets.

It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks.

### Pension Portfolio Fund 6 (Volatility 6)

This fund can invest in a range of assets such as bonds, shares, property and cash. This is a high risk fund for adventurous and very adventurous investors, which aims to have a high allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a high level of exposure to such asset classes. For the current asset mix of the fund please see [www.irishlife.ie/aib/fund-prices-performance.html](http://www.irishlife.ie/aib/fund-prices-performance.html).

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model will be used to determine the level of investment in cash and shares. The DSC model looks at long

term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets.

It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks.

## **Funds designed to be used with Lifestyle Options and Default Investment Strategy**

The following funds are specifically designed to be used with the portfolio funds above as part of our lifestyle option investment strategies.

### **Low risk funds**

#### **ARF Fund (Volatility 2)**

This fund is largely made up of bonds and cash which currently account for about 70 % of the fund, with the rest in shares and alternatives (for example emerging market shares). This fund aims to provide moderate returns.

#### **Stability Fund (Volatility 2)**

This fund invests mostly in bonds and cash with a small amount in shares. This is different to a standard managed fund which has a higher proportion of shares in it. This fund aims to provide moderate returns with low levels of ups and downs.

### **Medium risk fund**

#### **Annuity Fund (Volatility 4)**

This fund invests in long-term Eurozone government bonds. The aim of the investment is to pay for an annuity when you retire.

## Other available funds

We also have 19 other funds from which you can build your own mix of funds to be used with or without the lifestyle option investment strategies.

### Low risk funds

#### Global Cash Fund (Volatility 1)

This fund invests in bank deposits and short-term investments on international and domestic money markets. It is intended to be a low-risk investment, but you should be aware that this fund could fall in value. This could happen if, for example, a bank the fund has a deposit with cannot repay that deposit, or if the fund charge is greater than the growth rate of the assets in the fund.

### Medium risk funds

#### Consensus Cautious Fund (Volatility 3)

The Consensus Cautious Fund is a managed fund, where currently 65 % of the assets are invested in the Consensus Fund and 35 % track the performance of short term Eurozone government bonds. The Consensus Cautious Fund aims to give mid-range levels of return with lower levels of ups and downs.

#### Indexed Euro Corporate Bond Fund (Volatility 3)

This fund invests in investment-grade Euro corporate bonds which become due for payment at different times. The fund aims to track the performance of the Merrill Lynch EMU Large Cap Corporate Bond Index. By providing access to a wide range of companies who issue bonds, the fund aims to provide long-term returns which are greater

than can be achieved by investing in cash or government bonds. This fund is suitable for investors who want a reasonable return with less risk than share based investments.

#### Managed Portfolio Fund 1(Foundation) (Volatility 3)

This portfolio fund is currently invested in the Consensus Cautious Fund (see above for description). It provides access to cash, bonds and equities, and sometimes to alternative assets such as property.

#### Managed Portfolio Fund 2 (Base) (Volatility 4)

This portfolio fund is currently invested 70 % in the Consensus Cautious Fund (see above for description) and 30 % in the Consensus Fund (see below for description). It provides access to cash, bonds and equities, and sometimes alternative assets such as property.

#### Managed Portfolio Fund 3 (Core) (Volatility 4)

This portfolio fund provides access to cash, bonds and equities as well as alternative assets such as property. The fund is currently invested 70 % in the Consensus Fund (see below for description) and 30 % in the Consensus Cautious Fund (see above for description).

#### Pension Protection Fund (Volatility 4)

Currently this fund invests largely in long-term Eurozone government bonds and cash. The balance of the fund may have direct or indirect exposure to global interest rate markets. The aim of this fund is to pay for an annuity when you retire.

This fund should broadly follow the long-term changes in annuity prices due to interest rates, i.e. if long-term interest rates fall, the

value of this fund will increase to roughly compensate for the rise in annuity prices. Long-term interest rates are just one of the main factors that determine the cost of an annuity and there will be times when the fund will not track annuity prices closely and no guarantee can be given in relation to such movements.

### High risk funds

#### Consensus Fund (Volatility 5)

This fund is one of Ireland's most popular funds currently managing over €5.2 billion. Its success is based on an approach which combines the wisdom of the main investment managers in Ireland. The fund matches the investments they make in shares, property, bonds and cash. The Consensus Fund aims to provide performance that is consistently in line with the average of all pension managed funds in the market.

#### Managed Portfolio Fund 4 (Intermediate) (Volatility 5)

Most of this portfolio fund is invested in a diversified mix of global equities, with some bonds and other types of asset such as property. This fund is currently invested 80 % in the Consensus Fund (see page 29 for description) and 20 % in the Consensus Equity Fund (see page 29 for description).

#### Managed Portfolio Fund 5 (Dynamic) (Volatility 5)

Most of this portfolio fund is likely to be invested in global equities, with some bonds and other types of asset such as property. This fund is currently invested 20 % in the Consensus Fund (see above for description), 70 % in the Consensus Equity Fund (see across the page for description) and 10 % in the Indexed Pacific Equity Fund (see

page 30 for description).

#### Consensus Equity Fund (Volatility 6)

This fund aims to give good growth by investing in the Irish and international shares that the Consensus Fund invests in. By taking the average investment that all managers are making, the Consensus Equity Fund avoids the risks associated with relying on the decisions of just one fund manager. Managing assets this way removes the risk associated with some managers making poor decisions.

#### Indexed European Equity Fund (Volatility 6)

This fund concentrates on European equities. The fund's aim is to match the average return of all the shares that make up the FTSE Europe Ex UK Index.

#### Indexed European Property Shares Fund (Volatility 6)

This fund invests in shares of European property companies. The companies are all structured as Real Estate Investment Trusts (REITs). REITs are an effective, low cost way to invest in property. REITs generally contain borrowings of approximately 50 % (the amount can vary) and so are more risky than investing in property, which does not have any borrowing associated with it. The fund tracks the EPRA / NAREIT Europe Ex UK Liquid 40 Index which invests in listed property companies across mainland Europe.

#### Indexed Japanese Equity Fund (Volatility 6)

This fund concentrates on Japanese equities. The fund's aim is to match the average return of all the shares that make up the FTSE Japan Index.

### **Indexed North American Equity Fund (Volatility 6)**

This fund concentrates on North American equities. The fund's aim is to match the average return of all the shares that make up the FTSE North America Index.

### **Indexed UK Equity Fund (Volatility 6)**

This fund concentrates on UK equities. The fund's aim is to match the average return of all the shares that make up the FTSE UK Index.

### **Managed Portfolio Fund 6 (Aggressive) (Volatility 6)**

Most of this fund is invested in a mix of global equities. This fund is currently invested up to 85 % in the Consensus Equity Fund (see page 29 for description) and 15 % in the Indexed Pacific Equity Fund (see below for description).

### **Indexed Irish Equity Fund (Volatility 7)**

This fund concentrates on Irish equities. The fund's aim is to match the average return of all the shares that make up the ISEQ Index.

### **Indexed Pacific Equity Fund (Volatility 7)**

This fund concentrates on Pacific equities, which includes countries such as Singapore, South Korea and Australia. The fund's aim is to match the average return of all the shares that make up the FTSE Pacific Ex Japan Index.

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**Warning: This AIB Invest PRSA may be affected by changes in currency exchange rates.**

## **Important information about available funds**

This section gives you information about tax, currency, charges and important information relating to investing in our funds.

### **Delay periods**

In certain circumstances we may need to delay switches, withdrawals or transfers out of a fund. The circumstances in which we may delay a switch, withdrawal or transfer can include the following.

- If a large number of customers want to take money out of the same fund at the same time
- If there are practical problems selling the assets in which the fund invested

The amount then switched, withdrawn or transferred will be based on the value of the units at the end of the notice period. You should read the description of your chosen fund to see if a notice period applies.



## Reducing the value of the fund

When there are more customers moving out of a fund than making new investments in it, we may reduce the value of the units in the fund. This is to reflect the percentage of the costs associated with buying and selling the assets of the fund. The reduction in the value of the affected assets will be different for each fund.

## Currency

Funds that invest outside of the Eurozone carry a risk related to currency. This is because the funds are priced in euro but the assets that are invested outside the Eurozone are valued in their local currency. This can increase or reduce your returns depending upon how those local currencies are performing compared to the euro.

For example, the Indexed UK Equity fund aims to track the performance of the FTSE UK Index. These shares are bought in pounds sterling. The value of the Indexed UK Equity Fund will be affected by how the shares of the companies perform and any movements in the euro and sterling exchange rate. If, for example, there has been no change in the value of shares in sterling, but sterling falls in value against the euro, the Indexed UK Equity Fund would fall in value. Obviously, in the same circumstances, a rise in the value of sterling would result in an increase in the value of the Indexed UK Equity Fund.

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## Tax

The personal income tax relief you may be entitled to is explained on page 4. Under current Irish tax rules, the growth of all pension funds, including PRSAs, is not taxed until the benefits are taken.

However, if your chosen fund invests in assets outside Ireland, the fund may have to pay tax on these investments. We will take tax on income or profits if this is necessary under the tax rules of the country the assets are held in. In some instances, withholding tax or other taxes may apply, depending on the tax rules of the country. We will take any tax due from the fund, and this is reflected in the returns of the fund.

If tax legislation and practice changes during the term of your plan, we will amend this in the fund value as a result. This information is based on current tax law, which could change in the future.

## General Information

If you have chosen to invest in a fund that invests in shares or bonds, the assets in that fund may be used for the purpose of securities lending which aims to earn an extra return for the fund. Although this increases the level of counterparty risk within a fund, it provides an opportunity to increase the return. We can change the range of funds we offer, and we may decide to stop giving access to certain funds. In this case you can switch out of those funds into any other funds that are open at the time. We may also restrict the option to switch to, or invest top-up contributions in, any funds. We will give you one month's notice before we make this change.

# Property

Funds that invest directly in property are different from other types of investment funds in a number of ways.

## The property cycle – selling costs and delays

The property market reacts slower than stock markets and tends to follow more of a cycle. It can rise or fall for longer periods and in a more consistent way than the stock market does. This is partly because it takes more time and is more expensive to buy and sell properties than to buy or sell shares. As a result, if there are more investors who want to cash in their investments than there are new investors, we may need to make the following changes so that all investors pay their fair share of the costs the funds have to pay.

## Reducing the value of the fund

When there are more customers moving out of a fund than making new investments in it, we may reduce the value of the units in the fund to reflect the percentage of the costs associated with buying and selling the assets of the fund.

The reduction is likely to be most significant for the percentage of any fund invested in property.

For those funds invested in property, the actual reduction will depend on the percentage of property in the fund and the actual costs involved in having to sell properties within

that fund. We estimate that funds with a low property asset mix, less than 10 %, the reduction in value could be in the region of 1-2 %. To arrive at this rate, we have estimated the selling costs that might apply. It is possible that the reduction in value could be higher or lower in the future and could take place in stages.

# Using borrowings

The property investment within Pension Portfolio Funds has the ability to access property markets indirectly, for example property companies. These property companies may borrow money to buy properties. This increases the possibility for growth but it also means that if property values fall, then the value of the investment will fall by a greater amount because of the level of borrowing. The level of risk in a fund increases as borrowing increases.

The example below shows how a property fund works if it usually invests in a mix of direct and indirect properties.

Amount of investment	€100,000
Amount invested directly in property	€75,000
Amount indirectly invested in property	€25,000
Amount borrowed by indirect funds	€75,000
Amount invested in indirect property with borrowings	€100,000
Total amount invested in property including borrowings	€175,000

In this example:

- 25 % of the investment is invested indirectly in property; and
- for every €1 invested indirectly in property, €3 is borrowed. Please note that the level of borrowing will vary from fund to fund.

When referring to funds with borrowing, the term ‘loan-to-value’ is often used. This is the loan amount divided by the value of the property, and in the above example is 75 %. The loan to value ratio changes, based on the value of the indirect properties at any given time so this percentage will vary regularly.

### What happens if property falls in value?

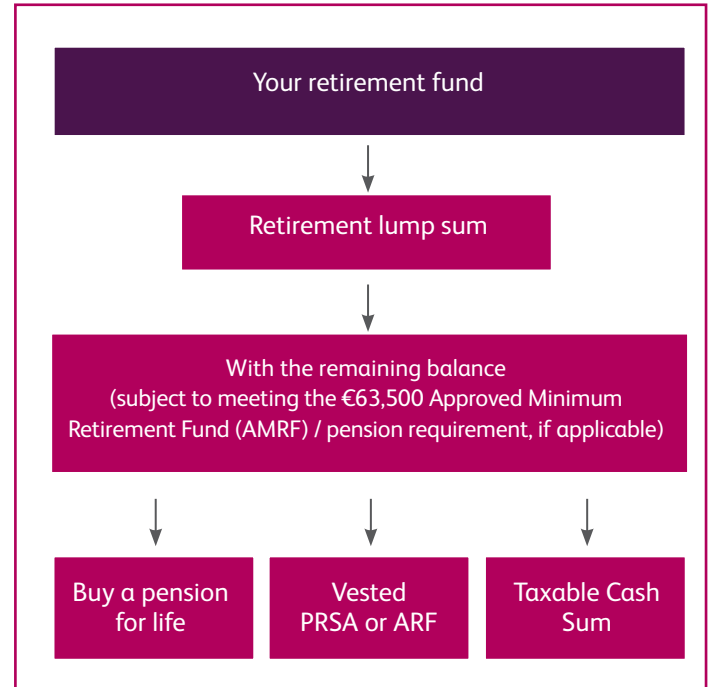
- That part of the fund linked to indirect property investments will fall in value by a greater amount because of the level of borrowing.
- The following are examples.
  - If the value of the indirect properties falls by 10 % , and the indirect fund borrowed €3 for every €1 invested, the actual fall in value of the indirect part of the investment would be 40 % .
  - If the value of the indirect properties falls by 10 % , and the indirect fund borrowed €2 for every €1 invested, the actual fall in value of the indirect part of the investment would be 30 % .
  - If the value of the indirect properties falls by 10 % , and the indirect fund borrowed €1 for every €1 invested, the actual fall in value of the indirect part of the investment would be 20 % .

The level of borrowing within the part of the fund invested indirectly in property will also change over time. The higher the amount of the loan compared to the amount invested in property, the greater the potential returns. However, the level of risk will be higher.



# Your options when you retire

One of the benefits of AIB Invest PRSA is that you will have a number of options when you retire, including taking part of your pension fund as a retirement lump sum. You don't need to decide now what you're going to do, you can make your decisions closer to retirement when you have a better idea of how you'd like to spend the money you've built up.



## Retirement lump Sum

You can take part of your pension fund as a retirement lump sum. You may be able to take some or all of this retirement lump sum tax free.

The amount you can take as a retirement lump sum will depend on whether or not you are a member of an occupational pension scheme.

- If you are self-employed, or an employee but not a member of an occupational pension scheme, you can take 25 % of the fund as a retirement lump sum.
- If you are a member of an occupational pension scheme and have contributed AVCs (Additional Voluntary Contributions), your PRSA will be a PRSA AVC and the retirement lump sum from your PRSA AVC will depend on how you take your retirement lump sum from your occupational pension scheme.

If you take 25 % of your occupational pension scheme as a retirement lump sum, then you can also take 25 % from your PRSA AVC as a retirement lump sum.

Your other option is to take a maximum retirement lump sum between your occupation pension scheme and PRSA AVC of up to 150 % your final salary. However, this depends on the length of time you have actually been employed. If this is less than 20 years, the retirement lump sum will be reduced.

### Let's take an example:

If your employer's scheme provides you with 100 % of your final salary as a retirement lump sum, you can use your PRSA AVC to

provide the other 50 %, as long as you have the number of years service to allow this.

The maximum tax free retirement lump sum you can receive is €200,000. Retirement lump sums between €200,000 and €500,000 will be subject to standard rate income tax (currently 20 %). Any retirement lump sum greater than €500,000 will be taxed at your marginal income tax rate, the USC, PRSI (if applicable) and any other taxes or government levies due at that time will also be deducted. Both the €200,000 and €500,000 limits include all retirement lump sums you have received since 7 December 2005.

After you've taken your retirement lump sum, you have three options.

### A. Buy a pension for life

### B. You can invest the rest of your fund; or

### C. You can take a taxable cash sum.

We discuss these options below.

### A. Buying a pension for life

You can use the rest of the fund, if any, to buy a pension (in other words, a regular income which will be paid for the rest of your life). Usually, this means that you pay your pension fund over to us (or another insurance company if you'd prefer) and we'll guarantee to pay you a regular amount every month while you're still alive. You can also choose other options, for example having the income increase each year, or having part of it paid to your spouse, civil partner or dependants after you've died. There is also an annuity

investment protection option which means when you die any remaining money not paid will be paid to your estate. You don't have to make any of these decisions until you actually retire. If, when you retire, you do decide to buy an annuity, the pension is treated as normal income so you will have to pay income tax and any other taxes due at that time. Also, because it is a pension for you, you cannot cash it in, change it to a lump sum, or transfer it to someone else in the future.

If you are a member of an occupational pension scheme and you have paid AVCs into a PRSA, there may be limits on the maximum pension allowed. For more information please talk to your AIB Financial Adviser.

## B. You can invest the rest of your fund

After taking your retirement lump sum, you can continue to invest the rest of your pension in a fund that you can manage and control during your lifetime, and then leave to your family when you die. Depending on your circumstances, you will have two options for investing your pension fund.

### Option 1 Leave your funds in your AIB Invest PRSA

If you leave the remaining fund in your AIB Invest PRSA, your plan is called a Vested PRSA. Depending on your circumstances at the time you take your retirement lump sum, you may have to keep up to €63,500 in your Vested PRSA - this is called your restricted fund. You will not be able to take withdrawals on the fund below the amount of the restricted fund. You will not have to keep a restricted fund if you meet one of the following conditions:

- You receive a guaranteed pension income for life of €12,700 a year; or
- You have invested €63,500 in an Approved Minimum Retirement Fund (AMRF); (see option 2 for more information) or
- You have €63,500 in a separate Vested PRSA along with any amount you have invested in an AMRF; or
- You met the AMRF or guaranteed income requirements in full when taking retirement benefits from another pension arrangement; or
- You have used at least €63,500 to buy a pension for life (annuity).

Anything over your restricted fund will be treated in a similar way to an ARF (see below).

When you turn age 75, you will not be able to make further withdrawals from your Vested PRSA (however the minimum withdrawal requirements will continue to apply - see the Minimum withdrawal amount section below for further information). If you want to take withdrawals greater than the minimum withdrawal amount, you should speak to your AIB Financial Adviser who can discuss other options with you.

### Minimum withdrawal amount

The Finance Act 2006 introduced an obligation on all Qualifying Fund Managers to take tax from ARF funds every year as if you had taken a minimum withdrawal. The Finance Act 2012 extended this tax requirement to Vested PRSAs. We are a Qualified Fund Manager. Each December, we will review any regular withdrawals you have taken during the year. If you haven't taken any regular withdrawals,

or if the withdrawals you have taken are lower than the minimum withdrawal amount, we will pay you the minimum withdrawal amount less any income tax, PRSI (if this applies), the USC and any other taxes or government levies due at that time. We will only take the minimum withdrawal amount from your ARF or Vested PRSA from the year you turn 61.

The current minimum withdrawal amount is 4 % of the value of your funds at the end of each year if you are aged 61 to 70 (inclusive) and 5 % of the value of your funds at the end of each year if you are aged 71 or over. You will have to appoint a nominee Qualified Fund Manager (QFM) if the total value of your ARFs and Vested PRSAs (less the restricted fund if you have one) is more than €2,000,000. The nominee QFM is responsible for making sure a withdrawal of 6 % is taken from the total value of your Vested PRSAs (above the restricted amount) and ARFs. We will pay you a minimum withdrawal of 4 % or 5 % as outlined above. **It is your responsibility to tell us if you have other ARFs and Vested PRSAs with a total value of more than €2,000,000.**

The restricted fund in a Vested PRSA is not covered by this rule until you turn age 75. However, if at any stage in the future you become entitled to a guaranteed income which brings your total guaranteed income up to €12,700 a year, or if you invest more funds in a separate AMRF (see below for more information on AMRFs), the requirement to keep a restricted fund will no longer apply. The minimum withdrawal requirement will then apply to the full value of your Vested PRSA. **It is your responsibility to let us know if your income circumstances change.**

**Warning: The income you get from this investment may go down as well as up.**

## **Option 2** Invest in an ARF

Instead of leaving your fund invested in your PRSA, you can invest the rest of it in an ARF or AMRF of your choice. Then you can make withdrawals from your ARF when you need them. However, you will have to pay tax on any withdrawals you make. You can still use your fund at any time to buy a pension for life. From the year you turn 61 you will have to take a minimum regular income from your ARF. See the minimum withdrawal amount section opposite for more information.

## **AMRF**

If you do not have a guaranteed pension income for life of at least €12,700 a year when you retire, you must invest €63,500 in an AMRF (or the rest of your fund if it is less than this amount) or buy a pension with the same amount. The main difference between an AMRF and an ARF is that you are not required to make a minimum withdrawal from an AMRF each year. You may make one withdrawal each year from an AMRF of up to a maximum of 4 % of the value of your funds at that time. You will have to pay tax on any withdrawal made and the withdrawal may be subject to an early withdrawal penalty.

This 4 % restriction applies until one of the following happens (whichever is first).

- You start receiving a guaranteed pension income for life from other sources (currently €12,700 a year), or



- You reach age 75.

It is your responsibility to let us know if your income changes.

**Whether you decide to take money from the fund within the Vested PRSA or transfer to an ARF, it is important to remember that the value of your fund may be reduced over time if the level of income is high and the investment return is not high enough to maintain this.**

Making regular withdrawals may reduce the value of your fund, especially if investment returns are poor or you choose a high rate of withdrawal (or both). It is possible that your fund could run out before you die. The higher the level of regular withdrawal you make, the higher the chances are that you will use up your fund in your lifetime. What is most important is that you make sure you have a reasonable fund when you retire so you can make these choices. If you do not have a guaranteed pension income that will maintain your current standard of living during retirement, we recommend that you think about buying a pension before choosing to draw an income from your Vested PRSA or invest in an ARF.

## **C. Taking your pension fund as a taxable cash sum**

Before you can take this option, you need to have a guaranteed pension income for life of €12,700 a year or leave €63,500 in your AIB Invest PRSA as a Vested PRSA or an AMRF. You will have to pay income tax at your highest rate on the cash lump sum along with any other taxes and government levies due at that time. These limits may change in the future.



When you are taking your retirement benefits, you will need to give us all relevant information about your existing pension arrangements and income. We will let you know the restricted fund amount that applies to you when you are taking your retirement benefits.



# Your questions answered

## Am I eligible to take out this plan?

### You can take out this plan if:

You are a resident (you live permanently) in Ireland and you are between the ages of 18 and 75; and

- you are self-employed or in a job which is non-pensionable; or
- you are a member of an occupational pension scheme and want to pay AVCs into a PRSA to boost your retirement benefits (If you plan to pay AVCs into your PRSA, we recommend you read our guide called 'A guide for members of Occupational Pension Schemes' - as certain restrictions apply. You cannot pay AVCs into defined-benefit occupational pension schemes through your AIB Invest PRSA plan).
- you are unemployed.

## What payment options do I have?

You can choose between making regular contributions, adding a one-off lump sum at any stage or paying contributions separately. Most people tend to pay regularly. You can pay:

- regular contributions by direct debit (every month, every three

months, every six months or every year);

- one-off contributions by cheque; and
- if you are an employee, by having your contributions taken from your salary.

If you are not in an occupational scheme at work, any employer contributions will be added to your personal contributions. If you start your PRSA by paying one-off contributions, you will not be able to pay regular contributions into that PRSA. If you are a member of an occupational pension scheme at work, it is not possible for your employer to contribute to your PRSA as contributions can only be paid by you as AVCs.

## Can my employer take contributions from my salary?

Yes. Your employer can take contributions from your salary whenever you are paid.

This could be every week, two weeks or month. We will then take this contribution from your employer's bank account. Your plan will be a monthly-paid plan and we will collect contributions from your employer every month.

For example, if you are paid weekly and decide to make a regular

contribution of €60, we multiply €60 by 52 (weeks in a year) and divide it by 12 (months in a year). We will then set up your plan for €260 every month. We will collect this from your employer's bank account every month by direct debit. As a result, at certain times, your employer may hold deductions from your payroll in their bank account for a short period before they send them to us and we invest them in your plan. We invest contributions on the day we receive them.

### **What is the minimum amount I can contribute?**

The minimum amount you can contribute by direct debit is €300 a year.

### **What is the maximum amount I can contribute?**

You can contribute regularly into your plan up to the following limits.

- €5,000 if you pay it each month;
- €7,500 if you pay it every three months;
- €15,000 if you pay every six months; or
- €30,000 if you pay it each year.

You can pay more than these amounts and they will be treated as one-off contributions each year. One-off contribution charges are shown on page 9. Please read below to find out the income tax relief limits.

### **Can I change the amount I pay, or even stop paying for a while?**

If you want to, you can increase your contributions, reduce your contributions or take a break from making payments at any time. Reducing your contribution could change the entry charge relating to your regular contribution.

Also, you should note that the estimated value of your pension fund, which we include in the 'Statement of Reasonable Projection' of your welcome pack when you take out your PRSA plan, is based on the contribution level that you agreed to pay when you started the plan.

So if you reduce or stop your contributions, it will reduce the value of your pension when you retire. If you are going to miss any contributions, you should contact your AIB Financial Adviser or our AIB service team.

### **Can I transfer my existing pension funds into AIB Invest PRSA?**

You can transfer any existing pension funds from approved retirement annuity contracts, PRSAs and occupational pension schemes into your PRSA. You can also transfer funds from pension arrangements overseas. We will not add an entry charge to that transfer contribution. You should think carefully about transferring funds from one plan to another. Some restrictions apply to transfers from occupational pension schemes and arrangements from overseas.

## Do my contributions increase with inflation?

When you take out your plan, you can choose to have your contributions increase with inflation. If, like most people, you choose this option, your contribution will increase each year in line with the Consumer Price Index (a measurement of inflation), or by 5 % if this is higher. If your employer takes your contributions from your salary, this option is not available.

## How do I get income tax relief on my AIB Invest PRSA contributions?

Tax relief is not guaranteed and rates used in this booklet are based on current law. To claim tax relief, you can apply to your Inspector of Taxes to adjust your tax credits. Contributions deducted from salary will receive immediate tax relief. If you are self-employed, you must include your pension contributions in your self assessment tax returns in order to get income tax relief. To be eligible to claim income tax relief, your income must be taxable under Schedule E or Schedule D (case I or II). Pension income in retirement is subject to income tax, the USC, PRSI (if applicable) and any other taxes or government levies on any withdrawal you make.

Income tax relief is not available on net relevant earnings which are more than €115,000 including contributions to other approved pension arrangements. For certain occupations you may get tax relief of 30 % of your earnings, no matter how old you are. In general, these tend to be professional sportspeople who earn their income from that occupation.

## Can I cancel my plan?

If, after taking out this plan, you feel that it is not suitable, you may cancel it by writing to us at: AIB service team, Irish Life, Lower Abbey Street, Dublin 1. If you do this within 30 days of the date you receive your statement of reasonable projection, we will cancel the plan. We will refund any regular contributions you have made. We will refund any one-off contribution or transfers received less any fall in value due to market conditions and in line with Revenue rules. After the 30 days are over, you do not have the option to cancel your plan and get a refund if the plan is not suitable. You can stop contributing to your plan at any time, but you will not usually be able to take the benefits from your plan before you reach age 60.

## What is the minimum term?

There is no minimum term on this AIB Invest PRSA plan.

## Can I stop paying into my plan?

If you decide to stop making contributions, your pension fund stays invested and continues to grow tax-free. Obviously, the value of your fund when you retire will be lower at retirement than if you had continued paying. Before stopping contributions, you should be sure that you have made other arrangements for your retirement. You should contact your AIB Financial Adviser for more details.

## Is there any limit on the size of my pension fund or my tax-free cash?

For tax purposes, the current maximum pension fund you can have is €2,000,000 from all sources. This is called the Standard Fund

Threshold (SFT). If you have pension funds over this amount, you will be taxed at the higher rate for income tax. This tax is taken from the pension fund before your retirement benefits are payable. You should contact your AIB Financial Adviser for more details.

You will have to pay standard rate income tax on any retirement lump sum between €200,000 and €500,000. Any amounts over €500,000 will be taxed at your marginal income tax rate, the USC, PRSI (if applicable) and any other taxes or government levies will be taken.

## What is a Personal Fund Threshold?

If you have a Personal Fund Threshold Certificate issued from the Revenue, your maximum pension fund at retirement may be more than €2,000,000. You should contact your AIB Financial Adviser or Irish Life for more details.

## Do I have to pay tax on my pension?

We must pay benefits under this plan in line with current tax law. Any taxes or government levies will be collected by us and passed directly to the Revenue Commissioners.

Under current law, when you retire you can take some of the fund as a retirement lump sum tax free. We explain how much of a retirement lump sum you may be able to take tax-free on page 36. You will have a number of options as to how you can use the rest of your pension fund. The tax you pay will vary depending on which one you choose.

If you choose to buy a guaranteed pension for life, your income will be taxed as income in the normal way. If you invest in an ARF or continue to invest in your PRSA as a Vested PRSA, you will have to pay tax on any withdrawals that you make.

## When is the earliest I can take my pension and do I have to retire?

If you are self-employed, you can take your benefits from age 60. You do not have to retire to take your pension benefits. Some occupations, such as a pilot, fisherman, jockey, professional rugby player and so on, allow you to retire earlier.

If you are an employee and you are not a member of an occupational pension scheme, you can take your benefits at any time after your 50th birthday. If you do this between age 50 and 60, you must retire from your job. If you take benefits from age 60, you do not have to retire and you can continue to work while enjoying the benefits from your PRSA.

If you are a member of an occupational pension scheme at work and have paid AVCs into a PRSA, your retirement age must be the same as the retirement age under your pension scheme at work. We will pay benefits in line with your main scheme. You will need the permission of the trustees of your work scheme to take your benefits. This may mean that you will need to retire so you can take benefits before the scheme's normal retirement age.

If you are sick, it is possible to take benefits earlier than shown above. See page 45 for more details.

## What happens if I stop working?

If you stop working but do not plan to begin taking benefits, you can either:

- stop contributing to the plan (perhaps until you start working again); or
- continue to contribute to the plan. If you continue to contribute, income tax relief on the contributions may have to be carried forward to when you have earnings in the future.

## What happens if I have to retire early because of ill health?

If you have to retire early because of ill health (that is, you are permanently unable to carry out your own occupation or any occupation of a similar nature for which you are trained to do so because of a mental or physical condition), you can take your pension benefits immediately. However, your pension may be low because your contributions are stopping at an earlier age and the pension will have to last longer as you will be retiring earlier. If you retire early because of ill health, you must give us medical evidence to support this.

The definition of ill health in Section 787k of the Taxes Consolidation Act 1997 is “permanently incapable through infirmity of mind or body of carrying out his or her own occupation or any occupation of a similar nature for which he or she is trained or fitted”.

## What happens if I leave employment?

If you are self-employed and paying into a AIB Invest PRSA and then move into a job which has a pension scheme, your contributions into your AIB Invest PRSA should either stop or become AVCs linked to your main scheme. The way you make your contributions could change (in other words, from direct debit to your employer taking them from the payroll) and you should contact your AIB Financial Adviser or Irish Life.

If you are employed in a job which does not have a pension scheme and then you become self-employed, you can continue your contributions as normal. If you move into a job which has a pension scheme, your contributions into your AIB Invest PRSA should either stop or become AVCs linked to your main scheme. The way you make your contributions could change (for example, from direct debit to your employer taking them from the payroll) and you should contact your AIB Financial Adviser or Irish Life.

If you are a member of an occupational pension scheme and are paying AVCs into PRSAs but leave that job, your contributions can continue but they will become ‘ordinary’ contributions unless you join another job with a pension scheme. This may mean changing the way you make your payment (for example, from your employer taking payments from the payroll to direct debit from your own bank account).

If you move from a job which has an occupational pension to another job with an occupational pension, the payroll system may change from your old employer to a new employer. We can only do this if you let us know immediately about this change.



It is important that we keep a record of your employment history so we can pay out the correct benefit to you when you retire. Changing your job does not mean that you have to stop paying into your AIB Invest PRSA. It just means that you may have to change the way you pay your contributions and you should let us know as soon as possible if you change your job. There may be restrictions on paying AVCs into some occupational pension schemes. These are outlined in the Irish Life Guide on AVCs.

### **Can I take money out of my AIB Invest PRSA?**

In most cases you will only be able to access your PRSA from age 60 or due to early retirement. Please see above for more information on early retirement. Where you have paid Additional Voluntary Contributions (AVCs) into your PRSA you can take a once off withdrawal up to a maximum of 30 % of the value of your AVCs before 26 March 2016. If you decide to take a withdrawal which is less than 30 % of the value of your AVCs, you will not be able to take another withdrawal.

You will have to pay income tax at your marginal rate if you take a preretirement AVC withdrawal. We are obliged to deduct income tax at the highest rate from this withdrawal unless you provide us with a tax certificate before the withdrawal is paid. Taking a preretirement AVC withdrawal will reduce the amount available to you in retirement. Before deciding to take a withdrawal from your AVCs you should be sure that you have made other arrangements for your retirement. You should contact your AIB Financial Adviser for more information on this.

It may be possible to cash in the value of your plan if it is €650 or

less and you have not paid contributions into your AIB Invest PRSA in the two years before you ask to cash in. If the value of your fund is €650 or less and you do not pay any more contributions into it for two years, we can ask you to transfer your fund to another approved pension scheme or start to pay contributions again. We will tell you in writing about this. If we don't hear back from you within three months of this request, we could decide to automatically refund the value to you.

### **What happens if I die before starting to take my benefits?**

We will pay the value of your AIB Invest PRSA to your estate. Your dependants may have to pay inheritance tax depending on who inherits the fund. Tax law changes over time and you should get independent tax advice on this.

### **What happens if I die after starting to take my benefits?**

If you have taken your retirement lump sum, and you have decided to continue investing through your AIB Invest PRSA as a Vested PRSA, we will pay any value left in your Vested PRSA to your estate. Your dependants may have to pay tax, depending on who inherits the funds.

If you leave the funds to your spouse or registered civil partner, we can transfer the funds to an ARF in their name. In all other cases, we will wind the AIB Invest PRSA up and pass the proceeds to your estate. If your estate has to pay income tax, we must take this before paying the proceeds of your fund to your estate. Tax law changes over time and you should get independent tax advice on this.



Generally the amount paid out is treated as income for the year of your death.

Income tax is not due if:

- The funds are transferred to an ARF in your spouse's or registered civil partner's name. However PAYE is due on any future withdrawals.
- The funds are transferred for the benefit of your children who are under 21 on the day you die.

Income tax will be due at a rate of 30 % if the value of your Vested PRSA is transferred for the benefit of any of your children who are over 21 on the day you die.

As well as income tax, there may also be Capital Acquisitions Tax due on the value of your plan, if your Vested PRSA is not paid to your spouse or registered civil partner or to any of your children over 21 year of age. The beneficiaries are responsible for paying this tax. Tax law changes over time and you should get independent tax advice on this.

## Can I move my money to another provider?

You can transfer your plan to another approved PRSA provider at any stage. You can also transfer your assets to an approved occupational pension scheme if you are a member of that scheme and the trustees are willing to allow this. You may also be able to make a transfer to an approved pension arrangement outside the state. Some restrictions apply to transfers to pension arrangements overseas.

We do not charge you for transferring out of the PRSA unless you

are in a fund which restricts you from leaving before an agreed date. We may also set a delay period before a transfer can take place. You should check with your AIB Financial Adviser if this applies to your chosen fund.

Please also see the relevant fund description in this booklet and your terms and conditions document. These give you an idea of whether these restrictions could apply.

## Family law and pensions

If you go through a separation or divorce, a court application for a pension adjustment order (for the retirement or death benefits we pay under this plan) may be made. You can get more information on how a pension adjustment order works from your solicitor or the Pensions Authority. If a pension adjustment order has been granted on your plan, you must let us know. You can get more information on how a pension adjustment order works from the Pensions Authority at the following address:

The Pensions Authority  
Verschoyle House  
28/30 Lower Mount Street  
Dublin 2.

**Phone:** 01 613 1900

**Fax:** 01 631 8602

## Who should I talk to if I have any questions?

You should talk to your AIB Financial Adviser or contact our AIB service team.

**Phone:** 1890 719 390  
8am to 8pm Monday to Thursday  
10am to 6pm on Fridays  
9am to 1pm on Saturdays

## Who should I talk to if I have a complaint?

If you believe that you have suffered a financial loss as a result of your AIB Invest PRSA being poorly managed or if there is a dispute of fact or law, you should contact our AIB service team. As a PRSA provider, we must set up an "internal disputes resolution" procedure. You can ask us for a copy of this at any time. After writing to us with your complaint, we will make a decision on it and let you know. If you are unhappy with this decision, under Part XI of the Pensions Act, 1990 as amended, you can take your complaint to the Pensions Ombudsman at the following address.

The Office of the Pensions Ombudsman  
36 Upper Mount Street  
Dublin 2.

**Phone:** 01 647 1650  
**Fax:** 01 676 9577  
**Email:** [info@pensionsombudsman.ie](mailto:info@pensionsombudsman.ie)  
**Website:** [www.pensionsombudsman.ie](http://www.pensionsombudsman.ie)

The Pensions Ombudsman will investigate the matter for you. Both you and we can appeal against their decision to the High Court. For more

information on your rights, please contact the Ombudsman's office.

If you have any other type of complaint, please contact our AIB service team. We will review your complaint and let you know the outcome. If you are not satisfied with this, we will let you know where you can go to take your complaint further.

The Pensions Ombudsman does not investigate every customer complaint. Sometimes complaints are dealt with by other industry regulators, such as the Pensions Authority the Financial Regulator or the Financial Services Ombudsman. Our AIB service team can let you know which regulator is most suitable for your complaint. However, the decision as to which office will deal with your complaint lies only with that office. If you have any other type of complaint, please contact our AIB service team.

## Who is my AIB Invest PRSA contract provided by?

Your contract is in the form of a plan and is provided by Irish Life Assurance plc. It sets out the details of your contract with us. This booklet is only meant to be a guide to help you understand your PRSA and does not give all the details of your plan. These details will be in your plan schedule. We will include more specific details and rules in your terms and conditions booklet, which you should also read carefully. Your application form and plan will be your legal contract with us. The contract will be governed by Irish law. The Irish courts are the only courts that are entitled to hear disagreements. The information in this booklet is based on our understanding of current law, tax and Revenue practice. Irish Life's PRSAs are approved by the Pensions Authority and the Revenue Commissioners. The approval number of your standard PRSA is APP/K/126/S.



# Glossary

## **Annuity / pension for life**

When you retire, you can use your retirement fund to buy an annuity. This is a guaranteed income from your pension fund after you retire. This income is paid on a regular basis for the rest of your life.

## **Approved retirement fund (ARF)**

When you retire, you can invest your retirement fund into a personal investment account called an approved retirement fund. You can withdraw money from the account when you need it.

## **Approved minimum retirement fund (AMRF)**

When you retire, if you do not have a guaranteed pension income for life of €12,700 a year, and you are not buying an annuity, you must leave €63,500 invested in your Vested PRSA as a restricted fund or invest this amount from your pension fund into a personal investment account called an AMRF.

## **Additional voluntary contributions (AVCs)**

Extra contributions you can pay into your PRSA to add to the pension benefits already available from your company pension scheme.

## **Bonds**

A bond is a type of loan given to a company or a government. Say for example a government wants to raise money, they can issue a bond. If you loan money to a government you get your money back after the set timeframe and you will also receive a fixed interest rate.

## **Commodities**

Raw materials or basic agricultural products that can be bought and sold in recognised markets. Examples of commodities include oil, gas, gold and wheat.

## **Chosen retirement date**

The date you want to retire and take your pension benefits.

## **Consumer Price Index (CPI)**

A measure that examines the change in prices of particular household goods and services, such as transport, food and medical care.

## Equities/shares

Investing in equities means investing in companies on the stock market, and the investor becomes a shareholder.

For the purpose of the funds that invest in shares, as described in this booklet, we are the investor and so the shareholder. How those companies perform affects whether the price of units in the fund rises or falls.

## Government bonds

Bonds issued by governments. These governments regularly pay a fixed rate of interest for a set period of time, after which the initial investment is returned.

## Indexed fund

A fund that is index-linked, means it tracks the performance of a particular stockmarket index, rather than investing in specific assets that the manager believes will do better.

## Inflation

The rate at which the general level of prices for goods and services increases, and as a result, the buying power of money falls.

## Investment-grade

When a bond is rated investment grade, the government or company issued it (the bond issuer) is considered to be able to meet its obligations, exposing investors to a reduced level of risk. The grade a bond is rated as is based on a number of criteria, including the

likelihood that the bond issuer will be able to pay interest and repay the amount you originally invested, in full and on time.

## One-off contributions

These are also known as single contributions, as these contributions are not paid into your PRSA plan on a regular basis and can often be different amounts of money.

## Personal retirement savings account (PRSA)

Personal retirement savings accounts are a type of pension plan introduced in 2002. PRSAs are available to everybody up to the age of 75, whether they are employed, self-employed, work at home or on a temporary career break. They are convenient, flexible pension plans that you can take with you if you move jobs.

## Return

Return means the money or the profit you make on an investment. However, if markets do not perform well, your return could be less than the amount you invested. In other words, return means the profit or loss you make on your investment over a period of time.

## Regular contributions

Contributions you pay into your PRSA on a regular basis (for example, every month or every three months). These regular contributions are usually a set amount of money for a set period of time.

## Securities lending

When an investment manager lends securities owned by its clients to a third party.

## Unit-linked fund

A unit-linked fund combines your money with money from other investors and buys units in a fund. The number of units you get depends on how much you invest and the price of the units at the time you buy.

## Volatility

The potential ups and downs that a fund may experience. The more volatile a fund is, the more likely it is to experience ups and downs that could have a significant effect on the value of your retirement fund.

## Vested PRSA

A Vested PRSA is

- a PRSA where the PRSA customer has taken their retirement lump sum and left the rest of their fund invested in the PRSA; or
- a PRSA where benefits have been paid from the main scheme (in the case of a PRSA where additional voluntary contributions (AVCs) have been paid).





At AIB we are taking steps to reduce our impact on the environment. Small changes, taken together, add up to a greener world.

Find out more at: [www.aib.ie/csr](http://www.aib.ie/csr)

## How to get in touch



**Call us** 1890 724 724



**Call into** any branch



**Click on** [aib.ie](http://aib.ie)

**If you have any questions, just ask.**



Terms and conditions apply. If you have any questions, please contact your AIB Financial Adviser in your local branch or call the AIB service team at Irish Life on 1890 719 390. In the interest of customer service, Irish Life will record and monitor calls. Irish Life Assurance plc, Registered in Ireland number 152576, Vat number 9F55923G.

Allied Irish Banks, p.l.c. is a tied agent of Irish Life Assurance plc, for life and pensions business.

Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

Irish Life Assurance plc is regulated by the Central Bank of Ireland.